

TABLE 13 TO § 3.173—SUPPLEMENTARY LEVERAGE RATIO—Continued

	Dollar amounts in thousands			
	Tril	Bil	Mil	Thou
Repo-style transactions				
12 On-balance sheet assets for repo-style transactions, except include the gross value of receivables for reverse repurchase transactions. Exclude from this item the value of securities received in a security-for-security repo-style transaction where the securities lender has not sold or re-hypothecated the securities received. Include in this item the value of securities that qualified for sales treatment that must be reversed.				
13 LESS: Reduction of the gross value of receivables in reverse repurchase transactions by cash payables in repurchase transactions under netting agreements.				
14 Counterparty credit risk for all repo-style transactions.				
15 Exposure for repo-style transactions where a banking organization acts as an agent.				
16 Total exposures for repo-style transactions (sum of lines 12 to 15).				
Other off-balance sheet exposures				
17 Off-balance sheet exposures at gross notional amounts.				
18 LESS: Adjustments for conversion to credit equivalent amounts.				
19 Off-balance sheet exposures (sum of lines 17 and 18).				
Capital and total leverage exposure				
20 Tier 1 capital.				
21 Total leverage exposure (sum of lines 3, 11, 16 and 19).				
Supplementary leverage ratio				
22 Supplementary leverage ratio	(in percent)			

[78 FR 62157, 62273, Oct. 11, 2013, as amended at 79 FR 57743, Sept. 26, 2014]

§§3.174–3.200 [Reserved]

Subpart F—Risk-Weighted Assets—Market Risk

SOURCE: 78 FR 62157, 62273, Oct. 11, 2013, unless otherwise noted.

§ 3.201 Purpose, applicability, and reservation of authority.

(a) *Purpose.* This subpart F establishes risk-based capital requirements for national banks or Federal savings associations with significant exposure to market risk, provides methods for these national banks or Federal savings associations to calculate their standardized measure for market risk and, if applicable, advanced measure for market risk, and establishes public disclosure requirements.

(b) *Applicability.* (1) This subpart F applies to any national bank or Federal savings association with aggregate trading assets and trading liabilities (as reported in the national bank's or Federal savings association's most re-

cent quarterly [regulatory report]), equal to:

(i) 10 percent or more of quarter-end total assets as reported on the most recent quarterly [Call Report or FR Y-9C]; or

(ii) \$1 billion or more.

(2) The OCC may apply this subpart to any national bank or Federal savings association if the OCC deems it necessary or appropriate because of the level of market risk of the national bank or Federal savings association or to ensure safe and sound banking practices.

(3) The OCC may exclude a national bank or Federal savings association that meets the criteria of paragraph (b)(1) of this section from application of this subpart if the OCC determines that the exclusion is appropriate based on the level of market risk of the national bank or Federal savings association and is consistent with safe and sound banking practices.

(c) *Reservation of authority* (1) The OCC may require a national bank or Federal savings association to hold an amount of capital greater than otherwise required under this subpart if the

OCC determines that the national bank's or Federal savings association's capital requirement for market risk as calculated under this subpart is not commensurate with the market risk of the national bank's or Federal savings association's covered positions. In making determinations under paragraphs (c)(1) through (c)(3) of this section, the OCC will apply notice and response procedures generally in the same manner as the notice and response procedures set forth in 12 CFR 3.404.

(2) If the OCC determines that the risk-based capital requirement calculated under this subpart by the national bank or Federal savings association for one or more covered positions or portfolios of covered positions is not commensurate with the risks associated with those positions or portfolios, the OCC may require the national bank or Federal savings association to assign a different risk-based capital requirement to the positions or portfolios that more accurately reflects the risk of the positions or portfolios.

(3) The OCC may also require a national bank or Federal savings association to calculate risk-based capital requirements for specific positions or portfolios under this subpart, or under subpart D or subpart E of this part, as appropriate, to more accurately reflect the risks of the positions.

(4) Nothing in this subpart limits the authority of the OCC under any other provision of law or regulation to take supervisory or enforcement action, including action to address unsafe or unsound practices or conditions, deficient capital levels, or violations of law.

§ 3.202 Definitions.

(a) Terms set forth in § 3.2 and used in this subpart have the definitions assigned thereto in § 3.2.

(b) For the purposes of this subpart, the following terms are defined as follows:

Backtesting means the comparison of a national bank's or Federal savings association's internal estimates with actual outcomes during a sample period not used in model development. For purposes of this subpart, backtesting is one form of out-of-sample testing.

Commodity position means a position for which price risk arises from changes in the price of a commodity.

Corporate debt position means a debt position that is an exposure to a company that is not a sovereign entity, the Bank for International Settlements, the European Central Bank, the European Commission, the International Monetary Fund, a multilateral development bank, a depository institution, a foreign bank, a credit union, a public sector entity, a GSE, or a securitization.

Correlation trading position means:

(1) A securitization position for which all or substantially all of the value of the underlying exposures is based on the credit quality of a single company for which a two-way market exists, or on commonly traded indices based on such exposures for which a two-way market exists on the indices; or

(2) A position that is not a securitization position and that hedges a position described in paragraph (1) of this definition; and

(3) A correlation trading position does not include:

(i) A resecuritization position;

(ii) A derivative of a securitization position that does not provide a pro rata share in the proceeds of a securitization tranche; or

(iii) A securitization position for which the underlying assets or reference exposures are retail exposures, residential mortgage exposures, or commercial mortgage exposures.

Covered position means the following positions:

(1) A trading asset or trading liability (whether on- or off-balance sheet),³¹ as reported on Call Report, that meets the following conditions:

(i) The position is a trading position or hedges another covered position;³² and

(ii) The position is free of any restrictive covenants on its tradability or the

³¹ Securities subject to repurchase and lending agreements are included as if they are still owned by the lender.

³² A position that hedges a trading position must be within the scope of the bank's hedging strategy as described in paragraph (a)(2) of section 203 of this subpart.